

# SENATE COMMITTEE ON BUSINESS AND LABOR

May 2, 2003  
1:00 PM

Hearing Room C  
Tapes 73-74

**MEMBERS PRESENT:**     **Sen. David Nelson, Chair**  
                                  **Sen. Vicki Walker, Vice-Chair**  
                                  **Sen. Rick Metsger**

**MEMBER EXCUSED:**     **Sen. Roger Beyer**

**STAFF PRESENT:**       **Dennis Dotson, Committee Administrator**  
                                  **Romy Dye, Committee Assistant**

**MEASURE/ISSUES HEARD:**     **HB 3163A – Public Hearing and Work Session**  
                                  **SB 757 – Public Hearing**  
                                  **SB 831 – Public Hearing**  
                                  **SB 893 – Public Hearing and Work Session**  
                                  **SB 896 – Public Hearing and Work Session**  
                                  **HB 2019A – Public Hearing and Work Session**  
                                  **HB 2331 – Public Hearing and Work Session**

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These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

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<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
<b>TAPE 73, A</b>		
005	Chair Nelson	Calls the committee to order at 1:07 PM. Opens a public hearing on HB 3163A.
<b><u>HB 3163A – PUBLIC HEARING</u></b>		
007	David Paulson	Government Affairs Manager, Sprint. Testifies in favor of HB 3163A. Discusses purpose of HB 3163A. Submits written testimony ( <b>EXHIBIT A</b> ).
021	Mike Dewey	Oregon Cable Telecommunications Association. Testifies in favor of HB 3163A. Discusses demarcation issues. Claims no further opposition.
035	Chair Nelson	Comments on speaking with Mark Long from Building Codes Division and that he has indicated things are in good shape.
039	Sen. Walker	Comments on statement from Jenny Lang representing Qwest. Appreciates Qwest's willingness to look at the bill.
041	Chair Nelson	Closes the public hearing on HB 3163A and opens a work session on HB 3163A.
The following prepared testimony is submitted for the record without public testimony for HB 3163A:		
	Virginia Lang	Submits written testimony ( <b>EXHIBIT F</b> )
<b><u>HB 3163A – WORK SESSION</u></b>		
046	Chair Nelson	<b>MOTION: Moves HB 3163A to the floor with a DO PASS recommendation.</b>
050		<b>VOTE: 3-0</b>
	Chair Nelson	<b>EXCUSED: 1 - Sen. Beyer</b> <b>Hearing no objection, declares the motion CARRIED.</b> <b>CHAIR NELSON will lead discussion on the floor.</b>

054	Chair Nelson	Closes the work session on HB 3163A and opens a public hearing on SB 757.
<b><u>SB 757 – PUBLIC HEARING</u></b>		
063	John Shilts	Administrator, Workers' Compensation Division. Testifies in favor of SB 757 with -2 amendments. Explains permanent partial disability benefits. Discusses goals of the bill with amendments. Presents -2 amendments dated 4/28/03 and -3 amendments dated 5/2/03 ( <b>EXHIBITS G, H</b> ). Submits written testimony ( <b>EXHIBIT B</b> ).
153	Sen. Walker	Asks about expiration date on current permanent partial disability benefits.
158	Shilts	Responds December 31, 2004. Summarizes SB 757.
177	Chair Nelson	Asks about whether had a chance to look at -3 amendments.
180	Shilts	Responds have not seen -3 amendments; elaborates with understanding they changed the formula in work disability portion of the award that the work disability award portion would be based on Oregon average weekly wage.
185	Chair Nelson	Asks if large fiscal impact as result.
190	Shilts	Responds a rough estimate is that the cost of the workers compensation system would be about \$11.5 million more to go to state average weekly wage than basing that part on workers wages which translates to about 1.7% projected system loss cost against pure premium.
197	Chair Nelson	Asks what the effect would be.
200	Shilts	Responds the effect would be pure premium rates would have to be adjusted upwards about 1.7% to make up for that loss.
202	Sen. Metsger	Asks whether discussion with incentive of higher benefits for those who cannot return to work versus those who can return to work.
211	Shilts	Responds there was a discussion about that issue. Discusses benefit package. States incentive affects employers behavior.
238	Sen. Metsger	Asks how those would be treated if reverted back to the old system.
252	Shilts	Responds benefits worker is eligible to receive inside permanent partial disability system is based on their date of the injury. Elaborates on benefits.
278	Michael Slater	Political Director, SCIU Local 503, Oregon Public Employees Union. Testifies in support of SB 757 with -3 amendments using worker wage instead of state average wage. Comments there are good features of the bill too. Concerned with previous statutes that sunsets. Opposes bill due to benefit formula structure. Discusses differences in workers awarded money.
331	Sen. Walker	Asks difference between -2 and -3 amendments.
333	Slater	Refers to page 2 at end of line 21.
346	Chair Nelson	Asks whether in -2 amendments it is no more than 133%.
348	Slater	Responds correct.
350	Chair Nelson	Asks if in the -3 amendments it is 150 times.
355	Slater	Responds no. Notes 150 times is the multiplier for the award.
357	Sen. Walker	Asks since Mr. Shilts has not seen the -3 amendments is it what he thought it was to have said. Asks if information testified about increase to the system is true.
361	Shilts	Responds yes this rough estimate is accurate to what was told the -3 amendments would do.
366	Sen. Walker	Asks whether it is true the -2 amendments being cost neutral to

		the system shifts the payments around among beneficiaries within it.
370	Shilts	Responds yes that is correct.
373	Sen. Metsger	Asks whether the incentive to return to work issue developing under -3 amendment is bringing a disparity for ability to encourage people to return to work where there would be higher paid workers whose benefits would not be as great and lower wage workers with better benefits.
387	Slater	Responds the point is acknowledged and lesser of two evils given their concern about the disparity.
391	Sen. Walker	Asks whether a discussion occurred with parties involved with MLAC.
403	Slater	Mentions talking briefly with MLAC. Comments manager representatives to MLAC do not have a position other than cost neutrality. Discusses different perspectives regarding wage issues.
426	Lisa Trussell	Associated Oregon Industries. Comments have not seen -3 amendments. States knowing they had a proposal but unsure what it was.
428	Chair Nelson	Asks response on -2 amendments.
430	Trussell	Feels -2 amendments were closer to what expecting but still need technical changes. Adds MLAC has not taken a position on that.
<b>TAPE 74, A</b>		
005	Chair Nelson	Asks if referring to -3 amendments.
007	Trussell	Responds on the -3 amendments and a formal position has not been taken on the -2 amendments.
009	Chair Nelson	States committee may be shutting down and so bill can either be pulled back or pushed forward knowing there is the issue and getting it into the House. Asks for feedback.
011	Trussell	Expresses interest in moving the -2 amendments and the bill getting started today.
012	Chair Nelson	Comments if nothing is done today this bill goes away.
014	Trussell	Expresses concern is the time is running out. Feels uncomfortable with -3 amendments.
016	Brad Witt	MLAC member. Expresses interest in seeing -3 amendments but would not recommend it right now until further review by counterparts.
024	Slater	Comments looking for negotiated resolution before bill with amendments passed out of committee.
030	Chair Nelson	Asks how feels about opportunity to negotiate as it works way through the House.
032	Slater	Restates position on organizations feeling on the bill.
034	Chair Nelson	Comments this bill may not get another chance if committee closes down.
037	Slater	Comments understands situation.
040	Sen. Walker	Discusses the issues with the bill. Comments in favor of letting the bill go to MLAC with the power to bring it back because the committee is not necessarily shutting down today.
045	Chair Nelson	Comments that may or may not be true because there may be a disagreement within the committee. Expresses interest in moving the bill forward.
048	Sen. Metsger	Comments does not have the same concern and feels as though the committee will reopen. Adds this is a big issue and would like more thought and discussion on it.

058 Ed Johnston Oregon resident. Testifies as a neutral party on the bill.  
 Comments would like to see equal pay across the board.  
 074 Chair Nelson Closes the public hearing on SB 757 and opens a public hearing  
 on SB 831.

**SB 831 – PUBLIC HEARING**

083 Charlcie Kaylor Manager, Building Department, LLC. Testifies in favor of SB  
 831. Discusses getting agreeable language for amendments.  
 093 Chair Nelson Asks where amendments are.  
 095 Sen. Walker Responds she has the draft.  
 096 Chair Nelson Clarifies the amendments are being prepared. Comments this bill  
 could be heard again and it may not .  
 097 Kaylor Responds right.  
 098 Jerod Broadfoot PacWest Communications. Representing National Electrical  
 Contractors Association and International Brotherhood of  
 Electrical Workers. Testifies in opposition of SB 831. Comments  
 issue has been researched. Discusses licensing issues.  
 118 Kaylor Responds only work as agents of jurisdictions. Discusses  
 inspectors involvement. Believes it is monitored well.  
 174 Broadfoot Responds does not feel private companies should be treated  
 exactly like government entities. Opposed to exemption to  
 licensing requirements.  
 189 David Barenberg League of Oregon Cities. Concerned with drafting issue  
 regarding liability in legislation. States in agreement with  
 language with Ms. Kaylor.  
 211 Mark Landauer City of Portland. Agrees with Mr. Barenberg. Elaborates on the  
 language.  
 223 Sen. Walker Asks if the change looking at will allow negotiation by contract  
 and decided before hired to do the work.  
 230 Landauer Responds that is correct.  
 232 Sen. Walker Asks if Ms. Kaylor agrees.  
 234 Sen. Metsger Comments in amendment it is considering in drafting it is to  
 negotiate who would be liable. Feels does not know how a  
 jurisdiction could negotiate a way of liability to a private party.  
 241 Landauer Responds they follow advice of own attorneys.  
 254 Chair Nelson Closes the public hearing on SB 831 and opens a public hearing  
 on SB 893.

**SB 893 – PUBLIC HEARING**

263 Dennis Dotson Committee Administrator. Provides an overview of SB 893 with -  
 1 amendments. Presents -1 amendments dated 5-2-03 (**EXHIBIT  
 I**).  
 270 Christine Chute Assistant Attorney General, Oregon Department of Justice.  
 Testifies in favor of SB 893 with -1 amendments. Discusses  
 background of the bill. Explains purpose of the bill. Submits  
 written testimony (**EXHIBIT C**).  
 348 Bob Keith Administrator, Appraiser Certification and Licensure Board.  
 Testifies in favor of SB 893. Discusses impact on the Board.  
 Submits written testimony (**EXHIBIT D**).  
 403 David Koach Mortuary and Cemetery Board. Testifies in favor of SB 893.  
 Provides example of the kind of applicants and histories they  
 have.

**TAPE 73, B**

005 Koach Discusses a twist applying to health-related licensing boards  
 having to do with confidentiality requirements.  
 015 Sen. Walker Comments on a case in Southern Oregon. Asks if agrees it is

		inappropriate allowing someone with a long criminal history to come in.
020	Koach	Agrees.
035	Chair Nelson	Clarifies everyone agrees with -1 amendments. Closes the public hearing on SB 893 and opens a work session on SB 893.
<b><u>SB 893 – WORK SESSION</u></b>		
036	Chair Nelson	<b>MOTION: Moves to ADOPT SB 893-1 amendments dated 5/2/03.</b>
038		<b>VOTE: 3-0</b>
	Chair Nelson	<b>EXCUSED: 1 - Sen. Beyer</b>
		<b>Hearing no objection, declares the motion CARRIED.</b>
039	Chair Nelson	<b>MOTION: Moves SB 893 to the floor with a DO PASS AS AMENDED recommendation.</b>
042		<b>VOTE: 3-0</b>
	Chair Nelson	<b>EXCUSED: 1 - Sen. Beyer</b>
		<b>Hearing no objection, declares the motion CARRIED.</b>
		<b>SEN. METSGER will lead discussion on the floor.</b>
044	Chair Nelson	Closes the work session on SB 893 and opens a public hearing on SB 896.
<b><u>SB 896 – PUBLIC HEARING</u></b>		
046	Dennis Dotson	Committee Administrator. Provides an overview of SB 896.
051	Tom Mortland	Chair, Board of Oregon Insurance Guarantee Association. Testifies in favor of SB 896. Discusses purpose of SB 896 and the eight proposals that will improve operation and achieve purpose of why exist.
142	Sen. Walker	Asks what the previous amount of the claim was and if it is a new feature of the bill.
145	Mortland	Responds it is in sense; elaborates.
159	Sen. Walker	Asks what kind of company would be prepaying a premium larger than \$10,000 and who is going to get the short end of stick.
164	Mortland	Responds large insured paying large premiums. States it is unusual but not unheard of in this state for premiums.
175	Sen. Walker	Asks whether it is correct that people won't get any money beyond \$10,000 in future and so they will be out the premium they paid.
180	Mortland	Responds that is correct. Claims the focus tends to be on the less capable insured who do not have the ability to satisfy or be reimbursed for a loss without insurance. Adds this will hit the larger entities that pay larger premiums. Discusses changes further.
262	Chair Nelson	Asks for example of how the Board of Directors would function in a given case.
267	Mortland	Responds with explanation.
290	Chair Nelson	Asks if this bill exempts from punitive damages.
296	Mortland	Responds that is correct.
301	Chair Nelson	Asks about section on last page referring to \$5 million.
305	Mortland	Responds with example.
318	Sen. Metsger	Asks whether there is currently a limitation.
324	Mortland	Responds there is not a limitation on the aggregate amount but a cap of \$300,000 per claim.
332	Sen. Metsger	Asks question with example using homeowners.
356	Mortland	Responds in reference to example given.
371	Sen. Walker	Asks if all other existing insurance companies assessed and the

377	Mortland	amount of money to pay into the fund you can then pay out. Responds that is correct. Elaborates there is statutory authority to assess other solvent insurance companies that do business in the state of Oregon.
394	Sen. Walker	Asks whether existing insurance companies who are solvent is based on the size of their company.
399	Mortland	Responds it is based on the amount of business they have in the state of Oregon.
409	Sen. Walker	Asks if the purpose of bringing the bill forward is to assess a high amount to solvent insurance companies who want to lower their assessment.
415	Mortland	Responds the association is fund neutral.
<b>TAPE 74, B</b>		
005	Sen. Walker	Comments the bill was sponsored by Senator Minnis at the request of John Powell and not at the request of Oregon Insurance Guarantee Association. Asks if it was requested by Mr. Powell on behalf of the association.
007	Mortland	Believes that is right. Comments there was a bill in the House that was drafted and presented at our request and Mr. Powell was wanted to assist with the process.
017	Sen. Walker	Asks when the Oregon Insurance Guarantee Association was created.
019	Mortland	Believes it was in 1973.
024	Sen. Walker	Asks if the provisions have been changed since enactment of statute.
028	Mortland	Claims there were changes.
030	Sen. Walker	Asks what happened to the 2001 legislation.
035	Mortland	Responds it was adopted and currently part of the statute.
038	Sen. Walker	Expresses concern due to some people being on the hook.
044	Chair Nelson	Comments sounds like it will be the big guy who is on the hook. Closes the public hearing on SB 896 and opens a work session on SB 896.

**SB 896 – WORK SESSION**

048	Chair Nelson	<b>MOTION: Moves SB 896 to the floor with a DO PASS recommendation.</b>
053		<b>VOTE: 3-0</b>
	Chair Nelson	<b>EXCUSED: 1 - Sen. Beyer</b>
		<b>Hearing no objection, declares the motion CARRIED.</b>
		<b>CHAIR NELSON will lead discussion on the floor.</b>
055	Chair Nelson	Closes the work session on SB 896 and opens a public hearing on HB 2019A.

**HB 2019A – PUBLIC HEARING**

058	Dennis Dotson	Committee Administrator. Provides an overview of HB 2019A.
063	Jan Amling	Executive Director, Consumer Credit Counseling Service. Testifies in favor of HB 2019A. Discusses the law. Asks for DCBS to be able to have the authority to hear testimony and decide whether or not to have a counseling fee and what the range of fees would be. Discusses amendments added to the bill. Submits written testimony ( <b>EXHIBIT E</b> ).
131	Chair Nelson	Asks if they are a private business.
132	Amling	Responds private non-profit.
133	Chair Nelson	Asks if you can be a private profit doing this.
134	Amling	Responds you could.
136	Chair Nelson	Asks about the initial \$25 setup.

139	Amling	Responds that \$25 setup is only for one third of the families actually funding money through us and not for the other two thirds of the family.
141	Chair Nelson	Asks whether asking for allowing the agency to charge a fee specified by the Director under certain circumstances.
142	Amling	Responds of DCBS.
143	Chair Nelson	Asks what the circumstances are.
144	Amling	Responds all families that come in the door need to be asked for a \$10 contribution. Adds the other circumstance would be if bankruptcy legislation passes there would be an obligation of maintaining records for the requirement by the government and certificates have to be issued to the families to give to the court before papers can be filed to say they had the counseling.
152	Chair Nelson	Asks if the maximum amount charged is put in writing.
161	Amling	Responds right.
163	Chair Nelson	Comments you said \$10 but could it be \$1,000.
164	Amling	Responds no because DCBS would set what the range would be. Comments average of those states that have counseling fees is \$26 and maximum is \$50.
166	Sen. Walker	Asks if there was a similar bill last session.
173	Amling	Responds yes and it died with amendments.
180	Sen. Walker	Comments bankruptcy legislation is still stalled in Congress. Notes the need for this enabling legislation in order to not be a completely non-profit free agency. Asks if it is true that this does not mean services are free and that is what you are being asked to do at times.
194	Amling	Responds right.
207	Chair Nelson	Notes Representative Betsy Close left a note stating she could not be available to testify but would like a vote in favor of the bill.
211	Sen. Walker	Feels it is a good bill and the fees being set by rule by DCBS will offer protection to consumers that they cannot take advantage of these services.
220	Chair Nelson	Closes the public hearing on HB 2019A and opens a work session on HB 2019A.

The following prepared testimony is submitted for the record without public testimony for HB 2019A:

Betsy Close

Submits written testimony (EXHIBIT J)

**HB 2019A – WORK SESSION**

223	Chair Nelson	<b>MOTION: Moves HB 2019A to the floor with a DO PASS recommendation.</b>
225		<b>VOTE: 3-0</b>
		<b>EXCUSED: 1 - Sen. Beyer</b>
	Chair Nelson	<b>Hearing no objection, declares the motion CARRIED. SEN. WALKER will lead discussion on the floor.</b>
224	Chair Nelson	Closes the work session on HB 2019A and opens a public hearing on HB 2331.

**HB 2331 – PUBLIC HEARING**

228	Carol Rives	Administrator, Board of Accountancy. Testifies in favor of HB 2331. Discusses purpose of the bill with four different provisions. Comments it will be in administrative rule that any candidate or applicant for a license must have obtained all the requirements for eligibility within the time period determined by rule.
335	Chair Nelson	Asks if believe it will be eight years.
336	Rives	Responds I surely do. Discusses emergency clause thrown into

373 Chair Nelson the bill.  
Closes the public hearing on HB 2331 and opens a work session on HB 2331.

**HB 2331 – WORK SESSION**

380 Chair Nelson **MOTION: Moves HB 2331 to the floor with a DO PASS recommendation.**

390 **VOTE: 3-0**  
**EXCUSED: 1 - Sen. Beyer**  
Chair Nelson **Hearing no objection, declares the motion CARRIED.**  
**SEN. WALKER will lead discussion on the floor.**

391 Chair Nelson Comments on upcoming meeting on Monday with Chairs of all committees to discuss reopening of committees. Closes the work session on HB 2331. Adjourns the committee meeting at 2:58 PM.

### **EXHIBIT SUMMARY**

**A – HB 3163A, written testimony, David Paulson, 1 p**  
**B – SB 757, written testimony, John Shilts, 2 pp**  
**C – SB 893, written testimony, Christine Chute, 3 pp**  
**D – SB 893, written testimony, Bob Keith, 1 p**  
**E – HB 2019A, written testimony, Jan Amling, 3 pp**

**The following exhibits are listed out of order in the body of the tape log:**

**F – HB 3163A, written testimony, Virginia Lang, 1 p**  
**G – SB 757, -2 amendments dated 4/28/03, staff, 54 pp**  
**H – SB 757, -3 amendments dated 5/2/03, 54 pp**  
**I – SB 893, -1 amendments dated 5/2/03, staff, 3 pp**  
**J – HB 2019A, written testimony, Betsy Close, 1 p**